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UNCLAS KINGSTON 001318

SIPDIS

STATE FOR WHA/CAR/ (WBENT), WHA/ETRD (MATTINGLEY)

SANTO DOMINGO FOR FCS AND FAS

TREASURY FOR L LAMONICA

E.O. 12958: NA

TAGS: EAIR JM

SUBJECT: SPIRITS HIGH WITH ARRIVAL OF LOW COST CARRIER

REF: A) STATE 83667, B) 04 KINGSTON 3385

¶1. On May 19, Emboffs attended an Airports Authority of Jamaica press conference announcing the planned launch of scheduled flights between the United States and Jamaica by Spirit Airlines, Inc. (ref A) Prior to the official start of the conference, Emboffs spoke with Guillermo "Bill" de la Torre Bueno, Director of Sales Programs and International Sales, and Marc Cavaliere, Vice President for Sales and Distribution.

¶2. Bueno said that the prospects for Spirit looked very good in Jamaica, especially as they are the first low-cost carrier to enter the market. His announcement of a USD 99 fare from Fort Lauderdale to Jamaica (with flights to both Montego Bay and Kingston) elicited expressions of surprise and delight from the audience, since it is considerably less than the fares charged by Air Jamaica, American Airlines and other carriers currently serving the island. Spirit Airlines will be making two flights daily to Sangster International Airport in Montego Bay and another two to Norman Manley in Kingston starting in November.

¶3. When asked if they planned to extend their low-fare service to the Eastern Caribbean, where Air Jamaica has recently announced the cancellation of its routes, Bueno replied that such matters were confidential. During his presentation, Cavaliere stressed the idea that Spirit planned to bring in both business and leisure travelers, and that they expected to bring in a new demographic of visitors, rather than cannibalizing existing air travel customers from other airlines.

¶4. Comment: Though the USD 99 fare was later qualified as being an "introductory, off-season" price and does not include airport taxes and other fees, it will likely remain significantly less expensive than the fares offered by Spirit's competitors. Cavaliere appeared to understand the hurt pride tied up with Air Jamaica's financial woes (ref B), and his comments seemed designed to make it appear that Spirit would not be competing directly with Air Jamaica for customers. The availability of significantly reduced fares on regularly scheduled Spirit flights may be yet another nail in struggling Air Jamaica's coffin, and Cavaliere was attempting to avoid giving the appearance of dancing on the national airline's grave. End Comment.

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